

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 EB-07 COME-00 PA-01

PRS-01 USIA-06 TRSE-00 L-03 /048 W

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 2173

INFO AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMCONSUL RIO DE JANEIRO

AMEMBASSY SINGAPORE

PANCANAL

USSOUTHCOM

C O N F I D E N T I A L PANAMA 3968

FOR STATE/COMMERCE

E.O. 11652: GDS

TAGS: PN, BTID, EFIN

SUBJECT: ANDERSON'S CONTEMPLATED VENTURE IN PANAMA - GOP GETS

EL PANAMA HOTEL

REF: A) PANAMA 3874; B) PANAMA 1115; C) PANAMA 0998

1. ACCORDING TO LOCAL PRESS OF JUNE FIRST, BANCO NACIONAL DE PANAMA (BNP) "TURNED OUT TO BE THE SOLE BIDDER" ACQUIRING THE EL PANAMA HOTEL COMPLEX FOR \$11 MILLION. REPORTEDLY, THIS WILL COVER PART OF HOTEL'S INDEBTEDNESS TOWARD MOSCOW-NARODNY BANK
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AND BNP, PLUS INTEREST (REF B). PRESS WENT ON TO REPORT BNP WILL CONTINUE OPERATING HOTEL UNTIL "UITABLE BUYER SHOWS UP."

2. FOLLOWING INFO OBTAINED FROM SELECT LOCAL PRIVATE BANK A AND TRADE CONTACTS:

3. BNP NOW DISCUSSING MANAGEMENT CONTRACT PROPOSALS WITH

REPS SUCH AMERICAN AND FOREIGN CHAIN HOTELS AS SHERATON, HILTON, HYATT AND MERIDIAN(?). LATTER, OWNED BY AIR FRANCE, VERY MUCH INTERESTED IN EXPANDING IN LATIN AMERICA. CURRENTLY MERIDIAN HAS HOTELS IN RIO DE JANEIRO AND SAN SALVADOR (BAHIA), BRAZIL AND CARACAS, VENEZUELA. MERIDIAN REPRESENTED BY TITO GUZMAN, PANAMANIAN, FORMER MANAGER GRANADA HOTEL IN PANAMA AND NOW GEN MGR MERIDIAN HOTEL VENTURE IN BRAZIL. BNP OFFER FOR PANAMA HOTEL MANAGEMENT IS 5 PERCENT ON GROSS PROFITS AND 10 PERCENT ON NET. HOWEVER, MANAGEMENT CONTRACT WILL BE AWARDED TO HOTEL CHAIN WILLING TO EXTEND CREDIT OF ABOUT \$3 MILLION TO COMPLETE PANAMA HOTEL'S UNFINISHED CONSTRUCTION (REF C) INCLUDING THREE TENNIS COURTS. BRANIFF HERE NOW SOUNDING OUT ITS PRINCIPALS IN NEW YORK, WHO ALSO IN HOTEL BUSINESS.

4. COMMENTS: EMBASSY'S PRELIMINARY ASSESSMENT, BASED ON INFO PROVIDED BY ABOVE-MENTIONED CONTACTS JUNE FIRST, IS THAT BNP HAD ARRANGED TO BE "SOLE BIDDER," DESPITE JUDICIAL ANNOUNCEMENT IN LOCAL PRESS MAY 21. EMBASSY WILL REPORT FURTHER AS MORE INFORMATION BECOMES AVAILABLE.
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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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